

Attachment A

SANTA MONICA REDEVELOPMENT AGENCY

ANNUAL REPORT SUMMARY

Fiscal Year 2010-2011

December 2011

The Annual Report Summary for the Santa Monica Redevelopment Agency contains a review of the objectives and activities of the Agency in Fiscal Year 2010-2011, and a preview of the Agency's work plan for Fiscal Year 2011-2012.

I. INTRODUCTION

This annual report summary for the Santa Monica Redevelopment Agency contains a review of the objectives and activities of the Redevelopment Agency in FY 2010-2011, and a preview of the Agency's objectives and work plan for FY 2011-2012. This summary document explains in narrative form what the Agency worked on during the reporting fiscal year. When submitted to the Agency, the summary report is accompanied by supporting documentation that the Agency is required by state law to report each Fiscal Year. As required by California Health & Safety Code Section 33080.1, the Redevelopment Agency must file an annual report with the California State Controller within six months of the end of the Agency's fiscal year. The annual report must contain:

- 1) An independently prepared financial audit report conducted in accordance with generally accepted auditing standards (*Independent Auditor's Report*);
- 2) A fiscal statement that provides information on the outstanding indebtedness of, and the tax increment revenue generated by, the agency and by each project area (*State Controller's Report of Financial Transactions of Community Redevelopment Agencies and Statement of Indebtedness*);
- 3) A specific description of the Agency's activities affecting housing and any displacements (*Annual Report of Housing Activities of Community Redevelopment Agencies*); and
- 4) Any other supplemental information that the Agency believes is useful in explaining its programs and activities.

II. DESCRIPTION OF REDEVELOPMENT PROJECT AREAS

On August 13, 1957, the City Council of Santa Monica established the Santa Monica Redevelopment Agency pursuant to Redevelopment Law. In May 1972, the City Council declared itself the Agency and assumed all the rights, powers, duties and privileges vested in a redevelopment agency. There are four redevelopment project areas within the city:

- Ocean Park Redevelopment Project Area 1A
- Ocean Park Redevelopment Project Area 1B
- Downtown Redevelopment Project Area
- Earthquake Recovery Redevelopment Project Area

Ocean Park Redevelopment Project Area 1A

The City Council adopted the Redevelopment Plan for the Ocean Park Redevelopment Project 1A on June 30, 1960 and amended the Plan on November 14, 1967, primarily to change the permitted land uses. The project area is 25 acres bounded by Ocean Park Blvd. to the north, Neilson Way to the east, Ocean Park Project 1B to the south and the state beach parking lots and beach to the west.

The project area contains two 17-story, 250 rental unit high-rise buildings known as Santa Monica Shores and is surrounded by the Sea Colony condominium project, which consists of 340

condominium units. Ocean View Park is a public park located in the center of the project area facing the ocean. The project was completed in 1987.

Ocean Park Redevelopment Project Area 1B

The City Council adopted the Redevelopment Plan for the Ocean Park Redevelopment Project 1B on January 24, 1961, with subsequent amendments implemented on January 26, 1965, July 13, 1971, and September 12, 1972, principally to change the permitted land uses. The project area consists of 8 acres bounded by Ocean Park Redevelopment Project Area 1A to the north, Neilson Way to the east, the City limit to the south, and state beach parking lots and the beach to the west.

The project area contains two senior citizen residential apartment complexes, Neilson Villas and Barnard Park Villas, which contain 100 and 61 rental units, respectively. A former utility building within the project area was adapted into offices and art storage for the Eli Broad Trust Art Foundation. The project was completed in 1983.

Downtown Redevelopment Project Area

The City Council adopted the Redevelopment Plan for the Downtown Redevelopment Project on January 13, 1976. The Downtown Redevelopment Project encompasses 9.9 acres of property located in the downtown core of Santa Monica bounded by Broadway to the north, 4th Street to the east, Colorado Avenue to the south, and 2nd Street to the west. The project consists of Santa Monica Place, a large retail center that is owned and operated by the Macerich Company. The project also includes two City-owned parking structures that provide 1,843 parking spaces. Santa Monica Place underwent a substantial remodel that began in 2008, and the center re-opened in August 2010. The Agency made significant improvements to Parking Structures 7 & 8, which re-opened in conjunction with the mall in the summer of 2010. Improvements included renovating the façades, converting the structures to full-day attendant parking, installing parking controls, and other related capital improvements.

Earthquake Recovery Redevelopment Project

The City Council adopted the Redevelopment Plan for the Earthquake Recovery Project on June 21, 1994. The project area is 2.89 square miles—bounded by Cloverfield Boulevard and 26th Street to the east, Pacific Coast Highway/Beach Promenade to the west, Pico Boulevard to the south, and Montana Avenue to the north—and includes the structures predominantly damaged in the January 1994 Northridge earthquake. Approximately 90 percent of all red-tagged and 60 percent of all yellow-tagged buildings in the City were in the project area. To date, the Earthquake Recovery Project has funded substantial disaster prevention and mitigation, commercial revitalization, community revitalization and institutional projects. In 2009, the City Council approved Redevelopment Funding Priorities for capital improvement projects over the next five years, as discussed below.

II. FIVE-YEAR REDEVELOPMENT FUNDING PRIORITIES

To capitalize on the Earthquake Recovery Redevelopment Project Area's ability to collect tax increment through 2042, the Redevelopment Agency must issue or commit all debt obligations by 2014. Thus, in June 2009, the Agency adopted funding priorities for spending a projected \$283 million in tax increment revenues over the next five years (not including the 20 percent of gross tax increment dedicated and expended on affordable housing). These funding priorities are indicated throughout this report as priority projects. The Agency emphasized affordable housing, planning to spend \$43 million beyond the required 20 percent of tax increment funds. This means that over the next five years, 15 percent of the Agency's prioritized spending is committed to affordable housing development, in addition to existing affordable housing requirements. Priority spending also emphasizes public improvements to the Civic Center area and in other parts of the City as described in section V below and in the Agency's FY 2009-2010 through FY 2013-2014 Five-Year Implementation Plan, which the Agency adopted on November 17, 2009.

To ensure the timely implementation and completion of the priority projects, the Agency carried out the following actions during the report year:

- On August 10, 2010, the Agency entered into Cooperation Agreement No. 9267 (CCS/RAS) to delineate the Agency's and the City's obligations associated with the implementation of the priority projects.
- On January 17, 2011, the Agency and the Council authorized execution of an Implementing Agreement No. 9318 (CCS/RAS), to set forth the schedule of payments to reimburse the City for costs associated with implementation of the projects in the Cooperation Agreement No. 9267 (CCS/RAS).
- On February 22, 2011, the Agency and the Council authorized execution of an Second Implementation Agreement No. 9340 , clarifying the City's ability to exercise its option to secure the Agency's obligations under the Cooperation Agreement No. 9267 (CCS/RAS).
- On March 8, 2011, the Agency and Council approved the use of a term loan of \$60 million from Wells Fargo Bank to finance the priority projects.
- On May 24, 2011, the Agency and Council authorized the funding agreements for the Civic Center Joint Use Project and Exposition Light Rail Stations priority projects; and, the Agency, City and Public Finance Authority authorized the purchase and sale of the Earthquake Recovery Project Area Series 2011 Bonds Tax Allocation Bonds to finance the priority projects.

In January 2011, California Governor Jerry Brown announced his intention to eliminate all redevelopment agencies in California as part of his proposed FY 2011-2012 budget cuts to balance the state deficit. In the months that followed the California Legislature deliberated on the proposed budget and on June 29, 2011 the Governor signed ABX1 26 (AB 26) and ABX1 27 (AB 27) into law.

AB 26 suspends all activities (except enforceable obligations) of the Agency as of June 29, 2011, dissolves the Agency as of October 1, 2011, and liquidates the assets of the Agency subsequent to dissolution, unless the City adopts an Ordinance, authorized under AB 27. AB 27 allows Redevelopment Agencies to participate in the "Voluntary Alternative Redevelopment Program" and avoid being dissolved. The City by adopting this ordinance agreed to pay \$26.8 million for FY 2011-12, to the State of California for FY 2011-12, due in two payments on January 15, 2012 and May 15, 2012, and in FY 2012-13 an estimated payment of \$ 6.4 million.

In response to the adoption of AB 26 and AB 27 on July 18, 2011 CRA and the League of California Cities filed a lawsuit in the California Supreme Court to overturn AB 26 and AB 27 on the basis that it violates the State Constitution. On November 10, 2011, the California Supreme Court heard oral arguments on CRA v. Matosantos lawsuit. The California Supreme Court ruling is expected to be issued by January 15, 2011.

Nevertheless, during the reporting year the City and the Agency took several administrative actions related to AB 26 and AB 27 legislation. On August 9, 2011, the City enacted the Ordinance per AB27 to continue in existence, subject to full reservation of our rights challenging the validity of AB 26 and AB 27. The remittance payments to the State significantly reduced the amount of redevelopment funds available to carry out the Agency's redevelopment programs. Council considered this as they approved the Updated Redevelopment Priorities on May 24, 2011.

The remainder of this report is organized by projects as follows: 1) it highlights the affordable housing projects and programs in all areas of the City; and 2) it discusses capital projects according to the area of the City in which they are located. Many of the projects are interrelated due to their proximity to each other, and are therefore grouped accordingly. The report first outlines all of the projects located in the Civic Center area, moves on to projects in the Downtown area, and then discusses projects in other areas of the City.

III. ACTIVITIES FOR FISCAL YEAR 2009-2010 AND 2010-2011

The Agency's activities for the last fiscal year, and its objectives and activities for the current 2010-2011 fiscal year are set forth below. These activities implement the Agency's FY 2009-2010 through FY 2013-2014 Five Year Implementation Plan for all Redevelopment Project Areas.

Exhibit 1 provides a list of projects organized according to which FY 2009-2010 through 2013-2014 Implementation Plan objectives they fulfill. The Implementation Plan objectives are as follows:

- A. Disaster Prevention and Mitigation
- B. Commercial Revitalization
- C. Community Revitalization
- D. Institutional Revitalization
- E. Affordable Housing

A. Affordable Housing Developments *[Agency Immediate Funding Priority]*

The Agency continued its efforts to increase, preserve, and improve the supply of affordable housing in Santa Monica, as set forth in the adopted housing programs of the Redevelopment Agency's 2004 and 2009 Five-Year Implementation Plans. In 2009, the Agency reemphasized the high priority it places on affordable housing by committing an additional allocation of \$43 million dedicated to affordable housing development over the next five years, in addition to the 20 percent of gross tax increment that is expended on affordable housing. Staff successfully leverages Agency funds to attract other funding sources, including federal and state tax credits, funding for special needs populations, and traditional bank loans.

During the reporting year, staff identified \$21.2 million in acquisition, design, and construction projects ready to be funded from the \$43 million allocation. Staff also began working on due diligence for the projects that will utilize the remaining \$22.4 million allocation and will commit funds as each project becomes ready. Combined, the \$43.6 million funding allocation will produce approximately 126 residences. The Agency allocated the following funds to the Low and Moderate Income Housing Fund, and completed the projects and programs described below.

▪ **Project Area Housing Fund Revenues**

During the reporting period, the Agency contributed \$14,747,191 to its Low & Moderate Income Housing Fund, reflecting 20 percent of the tax increment revenues received in FY 2010-2011. These funds are used to support low and moderate-income housing. The following represents the breakdown of these contributions:

Ocean Park Redevelopment Projects 1A & 1B

In FY 2010-2011 the Ocean Park 1A and 1B Redevelopment Projects received \$3,823,519 in tax increment revenue, of which \$764,703 was set aside for housing activities. These funds were expended on debt service, associated administrative costs and projects through the Affordable Housing Trust Fund.

Downtown Redevelopment Project

In FY 2010-2011, the Downtown Redevelopment Project received \$2,802,293 in tax increment revenue, of which \$560,459 was set aside for housing activities. These funds were expended on debt service, associated administrative costs and developments through the Affordable Housing Trust Fund.

Earthquake Recovery Redevelopment Project

In FY 2010-2011, the Earthquake Recovery Redevelopment Project received \$67,110,142 in tax increment revenue, of which \$13,422,028 was committed to housing activities.

▪ **Line of Credit – Leveraging Housing Set-Aside Funds.**

FY 2010-2011: In May 2008, the Agency entered into a Credit Agreement with Bank of America for a line of credit (LOC) of \$50,000,000, with the option to increase the line of credit by an

additional \$25,000,000 to rehabilitate existing developments or to create new affordable housing developments as opportunities arise. During FY 2010-2011, after committing \$48,283,278 of the initial LOC disbursement to affordable housing developments in previous years, the remaining balance of \$1,716,722 was committed to additional affordable housing development, resulting in 364 affordable units; 295 of which will be new construction and 69 of which are a new acquisition or rehabilitation unit

FY 2011-2012: The Agency will evaluate the feasibility of exercising its option to increase the LOC to fund additional affordable housing developments.

- **Senior Homeless Prevention and Rental Assistance Program.**

FY 2010-2011: The Housing Authority funds two programs with Redevelopment funds—the Senior Homeless Prevention Program (SHP) and the Rental Assistance Program. The SHP program provides assistance to senior households at risk of eviction. The Rental Assistance program provided rental subsidies to 82 senior households.

FY 2011-2012: The Agency will continue to provide funding for the SHP and Rental Assistance programs. Agency funds available to these programs for this next fiscal year are \$ 1,312,000.

- **175 Ocean Park Boulevard.**

FY 2010-2011: The Agency fulfilled lease payment obligations to maintain twenty-two housing units for very low-income senior and family households. The lease payment made by the Agency is on behalf of the 175 Ocean Park Boulevard public housing development operated by the County of Los Angeles.

FY 2011-2012: This is an ongoing obligation of the Agency.

- **New Construction and Rehabilitation of Affordable Housing Units.**

In summary, 65 affordable housing units have been rehabilitated and are occupied. An additional 33 units are in the construction phase with the potential for Agency funding on up to 20 new mobile home units at the mobile home park (MHP) located at 1930 Stewart Street in FY 2011-2012 and 420 units in the acquisition/predevelopment/design phase. The following tables provide a snapshot of housing development activity during FY 2010-2011 and anticipated activity during FY 2011-2012.

Completed FY 2010-2011

Development	Type	Units	Bedrooms	Affordability	Activity FY 2010-2011
225 San Vicente Blvd.	Rehabilitation	36	25 – 1BR 11 – 2BR	Very-Low and Low Income	Rehabilitation Completed
914 4th St	Rehabilitation	16	12 – 1BR 4 – 2BR	Low income	Rehabilitation Completed
217-225 Bicknell Ave	Rehabilitation	13	8 – 1BR 4 - 2BR 1 – 3BR	Low Income	Rehabilitation Completed
Total Units		65			

In Construction FY 2010-2011

Development	Type	Units	Bedrooms	Affordability	Activity FY 2010-2011	Activity and Goals FY 2011-2012
2602 Broadway	New construction	33	23 – 2BR 10 – 3BR	Very low and low income	Construction Began	Estimated completion in late 2012
1930 Stewart Mountain View Mobile Home Park (MHP)	New construction	Up to 20 Units	Up to 3 - 1 BR 15 – 2BR 2 – 3BR	Extremely Low, Very low, low income, and moderate	Construction Began	Estimated completion in June 2012

Total Units	New construction	33 + MHP Units	23 -2BR 10 -3BR + MHP Bedrooms	Very low and low income + MHP		
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Acquisition/Predevelopment/Design Phase – FY 2010-2011

Development	Type	Units	Bedrooms	Affordability	FY 2010-2011	Activity and Goals FY 2011-2012
1342 Berkeley	New Construction	8	5 – 1BR 3 – 2 BR	Low Income	Predevelopment	Construction Financing Will be Finalized.
520 Colorado Ave.	New Construction	34	Singles	Very low and low income	Predevelopment	Prepare Design and Apply for Tax Credit Allocation
430 Pico Blvd	New Construction	32	22 – 2 BR 10 – 3 BR	Low Income	Predevelopment; Tax Credit Allocation Obtained.	Obtain Financing and Begin Construction
1438 25 th St.	Rehabilitation	12	6 – 2BR 6 – 3BR	Low Income	N/A	Begin Rehabilitation
1924 & 1930 Euclid St., 1753 18 th St. and 1754 19 th St. (FAME)	New Construction	49	42 – Studios 6 – 1BR 1 – 2BR	Very-Low and Low Income Seniors	Plan Check Submitted; Applied for Tax Credit Allocation;	Obtain Financing and Begin Construction
1943, 1945, 1955 and 1959 High Place (High Place East)	New Construction	45	45 – 3BR	Very-Low Income	Submitted Plan Check; Sought Construction Financing;	Obtain Financing and Begin Construction

1942-54 High Place (High Place West)	New Construction	47	32 – 2BR 15 – 3BR	Low Income	Submitted Plan Check; Obtained Tax Credit Allocation	Obtain Financing and Begin Construction
1700 Main St. (Civic Center Village)	New Construction	160	10 – studios 28 – 1BR 56 – 2BR 66 – 3BR	Low Income	Submitted Plan Check; Sought Construction Financing;	Obtain Financing and Begin Construction
2802 Pico Blvd.	New Construction	33	23 – 2BR 10 – 3BR	Very- Low and Low Income	Submitted Plan Check; Obtained Tax Credit Allocation	Obtain Financing and Begin Construction
Total Units		420	86 – Singles 39 – 1 BR 143 – 2BR 152 – 3BR	Very Low and Low Income		

The Agency will continue to pursue as many very-low, low, and moderate income housing opportunities within the City as feasible with funding assistance for land acquisition, new construction, and acquisition and rehabilitation of existing properties.

B. Civic Center Projects

The Civic Center area of Santa Monica is as large as the City’s Downtown core but feels very spread out with wide streets and large areas of surface parking. Geographically, the Civic Center area connects several major activity centers—Downtown, the Beach and Pier, Palisades Park, Santa Monica High School, Ocean Park, and the Main Street commercial area. However, it is not pedestrian-oriented and may act more as a barrier than as a connector. The Agency is placing strong priority on redeveloping the Civic Center area so that it can reconnect the city’s fabric and

strengthen linkages between key districts. The projects in this section fulfill Implementation Plan goals of community revitalization and institutional revitalization.

- **Civic Center Specific Plan Projects** - The 2005 update to the Civic Center Specific Plan (CCSP) resulted in plans, concept designs, and studies for various project components of the Civic Center, especially public open spaces, cultural facilities and renovation and upgrades to the Civic Center. There has been significant progress on the projects listed below, with the Redevelopment Agency playing a critical role in funding these projects.

- **Palisades Garden Walk.** *[Agency Immediate Funding Priority]*

FY 2010-2011: The Palisades Garden Walk (PGW) and Town Square will create seven acres of park space bounded by Interstate 10 and Olympic Drive, City Hall and Ocean Avenue. Envisioned as a central component of the Civic Center Specific Plan (CCSP), these new parks will provide a critical link between the Civic Center, Palisades Park, the Pier and downtown. In FY 2009-2010, the Agency prioritized a partial allocation of \$25 million for design and construction of the new parks. Following a competitive process, the City Council selected James Corner Field Operations to design the parks. During the reporting year, staff and James Corner Field Services conducted a series of extensive community workshops to engage the community and solicit feedback on the design of the parks. On May 24, 2011, Council allocated \$46.1 million in immediate funding to facilitate implementation of this project. In June 2011, Council provided feedback on the design development plans for the PGW and Town Square, approved the contract with W.E O'Neil Construction Company to perform the pre-construction and construction services and a contract with American Landscape Inc. to perform site demolition services and tree relocation and removal services.

FY 2011-2012: Preliminary site preparations of the PGW site began in July 2011 and will continue through October 2011, including site demolition of the existing parking lot, preparation and relocation of existing trees on the site, and relocation of an existing recycled water main. Construction is anticipated to start in the spring of 2012 and a park opening is anticipated in the winter of 2013.

- **Early Childhood Education Center (ECEC).**

FY 2010-2011: The Civic Center Specific Plan (CCSP) calls for the creation of an early childhood education center (ECEC) to provide a learning environment for Santa Monica College (SMC)

students and a childcare facility for the civic center. In 2009, the Redevelopment Agency prioritized \$4.4 million in funding to supplement a budget appropriation of \$1.163 million in RDA funds previously allocated to this project in FY06/07 and \$7 million in SMC Bond funds for design and construction costs. During the reporting year, staff resumed negotiations on a Memorandum of Understanding with Santa Monica Collage, after previous delays due to uncertainty of sitting plans for a museum/cultural facility, which is to be located in an adjacent location to the ECEC. On June 14, 2011, the CCSP was amended to include modified provisions to eliminate proposed surface parking and increase the maximum allowable floor area for the ECEC. On May 24, 2011, as part of the Council's approval of the Agency's updated available RDA funding and commitments this project will no longer be funded with redevelopment funds. General funds were identified to cover the \$5.63 million funding need. Following this action, Council approved that the \$5.63 million in RDA funds, which were previously allocated for the construction of the ECEC, be used to fund the seismic and infrastructure improvements necessary to retrofit and repair the pier as described in section D of this report under "Pier Improvements."

- **Freeway Capping.** *[Agency Immediate Funding Priority]*

FY 2010-2011: A key recommendation of the Civic Center Specific Plan was to explore options for capping a number of different segments of Interstate 10. Capped areas would create new land for open space, parks, and pedestrian connections between Downtown and the Civic Center. As part of its funding priorities in 2009, the Agency allocated \$2 million toward freeway capping construction. In January 2010, the Council authorized a contract with AECOM to complete a feasibility study of freeway capping and phasing options from Ocean Avenue to 4th Street, including preliminary cost estimates. The first phase of the feasibility study and cost analysis recommended a priority project to provide better access to the new Palisades Garden Walk by widening of the sidewalk at Ocean Avenue over the freeway. During the reporting year, on May 24, 2011, as part of the Agency's approved updated available RDA funding and commitments, the Council increased funding for this project by \$250,000 for a total of \$2,250,000 to be added to overall budget for the PGW, as a result of the first phase of the feasibility study and cost estimates. The PGW construction team will construct and oversee the sidewalk widening project.

FY 2011-2012: Awarding of a design-build contract to widen the sidewalk at Ocean Avenue over the freeway is anticipated to occur in 2012, with final design approval anticipated by late 2012. The anticipated construction start date is 2013 with an anticipated completion date in 2014.

▪ **Civic Auditorium District Campus.** *[Agency Funding Priority]*

FY 2009-2010: These open space and cultural facility projects will occupy the block bounded by 4th, Main, Pico, and Civic Center Drive. The projects include open space and a potential cultural facility with streetscapes and pedestrian linkages designed to complement the Civic Auditorium's program (see below) and the ECEC (described above as a separate capital project within the district). In 2009, the Redevelopment Agency prioritized \$21 million in Agency funds for this project. Design and construction of open space improvements on the Civic Auditorium Campus (Campus) are sequenced to occur when use of the Campus is no longer required for interim parking during construction of downtown projects and for use as a construction staging area for the Civic Auditorium Renovation and construction of the ECEC.

FY 2010-2011: This project will resume when use of the Campus is no longer required for interim parking use during construction of downtown projects and for use as a construction staging area for the Civic Auditorium Renovation and construction of the ECEC.

▪ **Civic Auditorium Renovation.** *[Agency Immediate Funding Priority]*

FY 2010-2011: In 2009, the Agency prioritized \$25 million in RDA funds to renovate the Civic Auditorium which will include seismic and accessibility upgrades to the landmark building as well as some upgrades to equipment (lighting, sound, stage) and building systems (i.e., HVAC, acoustical, electrical). In September 2009, after the issuance of a Request for Qualifications to solicit qualifications from non-profit and/or for-profit entities interested in participating in a public/private partnership for the use and programming of the Civic Auditorium, Council authorized the City Manager to negotiate an agreement with the Nederlander Organization. During the reporting year on March 2011, Council approved the terms of the Nederlander agreement and on May 26, 2011, as part of the Agency's updated available RDA funding and commitments, the Council determined this project to be an immediate funding priority and allocated \$46.8 million to this project for the full development cost. On June 28, 2011, Council authorized the City Manager to negotiate and execute a contract with Morley Builders for

preconstruction and construction services of the Civic Auditorium Remodel & Seismic Upgrade.

FY 2011-2012: Analysis of existing conditions and prioritization of improvements will be complete in November of 2011 at which time the project design shall begin. Construction is anticipated to commence in early 2013 and completed in the summer of 2014.

- **Expo Light Rail Enhancements.** *[Agency Immediate Funding Priority]*

FY 2010-2011: The Expo LRT will connect Downtown Los Angeles to Downtown Santa Monica with stations in Santa Monica at Bergamot Arts Center (Olympic/26th Street), Memorial Park/Mid-City (Colorado/17th Street) and Downtown (Colorado/4th Street). As part of its 2009-2013 funding priorities, the Agency allocated \$10 million for station enhancements. On May 24, 2011, as part of the Agency's updated available RDA funding and commitments approved by the Council and the Agency, Council authorized the City Manager to negotiate and execute a funding agreement between the City, Agency, and Expo and/or the Los Angeles County Metropolitan Transportation Authority (Metro) to provide funding of \$16.5 million for basic construction of the light rail stations in Santa Monica. On June 28, 2011, Council further authorized the City Manager to negotiate and execute an agreement with the Expo Construction Authority for preliminary engineering services at the Bergamot and Memorial Park Stations.

FY 2011-2012: The Exposition Construction Authority will continue accelerated design-build of the LRT line to Santa Monica and City staff will continue to review design and coordinate efforts with the Exposition Construction Authority. Completion of final design is anticipated in late 2011, and construction is anticipated to occur during 2012-2015.

- **Expo Green Street and Pathways** *[Agency Funding Priority]*

FY 2010-2011: This project will provide improved access to the new Santa Monica LRT stations described above and optimal integration of the LRT into the City. As part of its 2009-2013 funding priorities, the Agency allocated \$20.9 million to this project. In February 2010, Council awarded a contract to Cityworks Design to develop criteria for integrating the Expo LRT into Downtown while meeting all city standards. During the reporting year on April 12, 2011, Council reviewed and discussed planning concepts associated with the Colorado Esplanade and Station Plaza, Colorado Avenue Integration, Bike Network Improvements, and Downtown Expo

Circulation Enhancements. On May 24, 2011, as part of the Agency's updated available RDA funding and priority funding commitments, the Council allocated \$12.4 million in redevelopment funds to carry out the Colorado Esplanade and Station Plaza component of this project. However, the design of the Colorado Esplanade and Station Plaza has been deferred to a separate contract to be initiated when the downtown stations terminus location and train alignment is finalized. This component is described in the Colorado Esplanade and Station Plaza section below.

FY 2011-2012: Design of the Station Plaza and Colorado Esplanade has commenced as further described below. The Colorado Avenue Integration, Bike Network Improvements and Downtown Expo Circulation Enhancements related to this project will occur when additional funding becomes available.

▪ **Colorado Esplanade and Station Plaza.** *[Agency Immediate Funding Priority]*

FY 2010-2011: This project is a component of the Expo Green Streets and Pathways project described above. It is anticipated that this project will integrate the Expo LRT into the City by incorporating various improvements into the project scope that will improve pedestrian, vehicular, and bicycle travel between the Civic Center, Downtown, the Pier, and the new Palisades Garden Walk. The Expo LRT will traverse down Colorado Avenue at grade level to integrate with the urban fabric and the future vision for the downtown. Infrastructure improvements will be required to ensure that the grade-level transit line and station will effectively integrate into a key Downtown corridor. Initial design concepts for the Station envision a plaza at 4th St. and Colorado Ave. During the reporting year, on May 24, 2011, as part of the Agency's updated available RDA funding and priority funding commitments, the Council allocated \$12.4 million in redevelopment funds to carry out the Colorado Esplanade Project, including the required \$3.3 million match for the awarded Metro Call for Projects Grant. On June 28, 2011, Council authorized the City Manager to negotiate and execute a not to exceed contract totaling \$2,200,000 with Peter Walker and Partners Landscape Architecture for design, construction document preparation and construction administration services, and, a not to exceed contract totaling \$235,235 with Atkins Company for environmental consulting services associated with the Colorado Esplanade Project.

FY 2011-2012: The City commenced Community outreach commenced in fall 2011, including discussions with adjacent property owners, the Planning Commission and a community

workshop. Design is underway, and concept approval is anticipated for early 2012 with final approval later in the fiscal year.

- **Civic Center Joint Use Project (CCJUP).** *[Agency Immediate Funding Priority]*

FY 2010-2011: The CCJUP seeks to connect the School District's long-range plan to expand the Santa Monica High School campus with revitalization efforts underway in the civic center. Specifically, the CCJUP includes plans for new or redeveloped recreational and cultural facilities that the public could access when not needed by the high school, the creation of a Michigan Avenue pedestrian/bicycle promenade to facilitate public access through the campus, and subterranean parking.

During the reporting period, in January 2011, the City and School District entered into an MOU for planning, design, project definition work, and initiation of environmental review for \$1,084,000. On April 6, 2011, the School District Board approved an updated project description for the CCJUP. This includes the demolition and replacement of an existing gym facility (the "South Gym") with a new permanent gym facility ranging in size from 33,000 square feet to 54,000 square feet. Additional improvements will include resurfacing the existing football field with synthetic turf and new support facilities to increase and expand the opportunities for more cultural activities at the existing 3,000-seat Greek Theatre. On May 24, 2011, Council authorized staff to negotiate and execute an MOU with the School District based on the updated project that provides the terms and conditions for additional planning, completion of environmental review, design, entitlements, project development and management work, and provides that upon compliance with CEQA, construction of the CCJUP may proceed. On June 28, 2011, the City, the Agency and the School District executed the MOU to provide a stream of tax increment payments to the School District for implementation of the CCJUP.

FY 2011-2012: The synthetic turf improvements on the existing football field were completed and a Grand Opening occurred on October 27, 2011. In the coming year, work will continue in space programming for the gym facility and Greek Theatre improvements concurrently with the preparation of environmental documents.

- **Shared Parking.** *[Agency Funding Priority]*

FY 2010-2011: During the reporting year, the Shared Parking Assessment and Traffic Circulation study based on the Civic Center build out and phasing plan was completed. The study determined that shared parking within the Civic Center will require the full use of the current Civic Center surface parking area until 2016 and that no additional parking would be necessary during this period. Shared parking within the Civic Center will be put on hold until 2016 when use of the Civic Center surface parking area is no longer required for the interim parking plan. In the future, when Expo and the renovated auditorium are fully operating, further study of downtown circulation/parking needs will be conducted to determine an accurate demand analysis.

FY 2011-2012: This project will resume in 2016 when use of the Civic Center surface parking lot is no longer required for the interim parking plan.

C. Downtown Projects

Downtown is adjacent to the Civic Center area of Santa Monica, and many of the projects in this section are connected to projects in the previous section due to their proximity. Projects in the Downtown area fulfill Implementation Plan goals of commercial revitalization and disaster mitigation.

- **Improvements to Parking Structures 7 & 8.**

FY 2010-2011: City staff and the Macerich Company successfully completed façade and parking control improvements, by August 2010 to coincide with the grand reopening of Santa Monica Place. During the program year, City staff completed negotiations with the future operator of the bike parking facilities within Parking Structures 7 and 8. Construction of the bike parking facilities commenced on March 2011.

FY 2011-2012: The bike parking facilities were opened to the public in November 2011.

- **Downtown Parking Program.** *[Agency Funding Priority]*

FY 2010-2011: At its September 8, 2009 meeting, Council endorsed the Walker Parking Study, which was a follow-up to the Downtown Parking Program adopted on May 9, 2006. The Walker Parking Study analyzed parking demand and operations in the Downtown area and proposed options for enhancement. Other than the additional parking spaces planned in the reconstruction of Parking Structures 1 and 6, the Study found that Downtown Santa Monica does not need additional public parking at this time. During the reporting year, Staff developed

an interim parking plan to support the reconstruction Parking Structure 6 and encouraged downtown employees to park in the Civic Center Parking Facilities. In addition, staff successfully renegotiated the use of the previously reserved private parking area on the top floor of Parking Structure 2 to reopen for public use.

FY 2011-2012: On July 26, 2011, Council approved the revised parking rates resolution, which authorizes City Manager to change the parking rates. Another parking rate study will be launched during the second quarter of FY 11/12. Additionally, on August 29, 2011, the City commenced a “Downtown Ride” shuttle between the Civic Center and Downtown Santa Monica to promote downtown employee use of the Civic Center Parking Structure. In the future, Staff will implement remaining Walker Parking Study recommendations as Council provides authorization, which includes expanded transportation demand management, alternative payment mechanisms, a review of parking staffing and policies, a maintenance program, a review of in-lieu fees, a valet program, an ongoing parking review process, and new ways to disseminate parking information.

- **Parking Structure 2.**

FY 2011-2012: This project entails a seismic retrofit of the existing, nine-story Parking Structure 2, located at 1235 2nd Street. Construction on Parking Structure 2 began on June 1, 2010 and a notice of completion was recorded in March 2011. This project is now complete.

- **Parking Structure 6.**

FY 2010-2011: The Downtown Parking Program (described above) calls for Parking Structures 1 and 6 to be demolished and rebuilt in the same locations with additional parking spaces. In November 2009, the City Council reviewed concept massing, urban design, circulation, and cost information presented by Planning staff. Council directed staff to proceed with the design of Parking Structure 6. On January 11, 2011, Council approved the concept design for Parking Structure 6 which will consist of three subterranean levels, eight above grade levels, approximately 750 parking spaces (a net increase of approximately 400 parking spaces as compared to the existing parking structure), and approximately 7,000 sq. feet of retail space. The structure will be a maximum height of 84 feet and will be designed to achieve a LEED silver rating with components including but not limited to 30 electric vehicle charging stations, solar panels on the roof, and bike racks on the ground level to accommodate approximately 90 bikes. On March 31, 2011, an RFQ was issued for artists to design the art component of parking

structure 6, which would be incorporated onto the alley side of the structure (rear of the structure). Council approved schematic design of the structure on April 26, 2011.

FY 2011-12: During the reporting year, the project achieved several milestones: 1) ARB approval of the design on July 13, 2011; 2) Coastal Commission approval of the project on July 14, 2011; 3) Artist selection for the project art component; and 4) approval by Council of 50% design development plans and approval to move forward with construction document preparation.

Additionally, on September 27, 2011, staff returned to Council and got approval for the award of the Guaranteed Maximum Price contract with Morley for the construction of Parking Structure 6. Construction of the parking structure is anticipated to commence in spring 2012 and was completed at the end of 2013.

- **Land Acquisitions.** *[Agency Funding Priority]*

FY 2010-2011: In 2009, the Agency allocated \$27 million for property acquisition to achieve the goals delineated in the Downtown Parking Strategic Plan. During the reporting year, in November 2010, the Agency used this allocation to purchase a key property located at 1301-1333 4th Street. This parcel, along with other properties acquired by the City in prior years, accomplishes the assembly of 127,500 square feet of land to facilitate future public projects including light rail transit, public parking, affordable housing, and other public supportive commercial uses. The City conducted two community workshops in March 2011, to obtain ideas about what kind of development the community wanted to see built on the three-acre City-owned property located at 4th and 5th Streets at Arizona Avenue. In May 2011, Staff presented these ideas to Council and began evaluating various development options for the site.

FY 2011-2012: Staff is continuing to evaluate the various development options for the 127,500 square foot site, this evaluation period will continue through December 2011. A follow-up community meeting is planned for January 2012 to discuss the City's vision and objectives for future development of the site. This meeting will be followed by a presentation to Council by staff in early 2012 with development recommendations about this property. City staff will be requesting authorization to seek a developer for the site through an RFQ process, and have that developer coordinate their design efforts with the planning department to ensure that the new

design plan for the site does not conflict with the Downtown Specific Plan that is currently being prepared by the Planning Department for the area.

- **Fire Station 1.** *[Agency Immediate Funding Priority]*

FY 2010-2011: This project will fund the development of plans and specifications for a newly constructed Fire Station 1 (FS1), currently located at 1444 7th Street. The existing Fire Station 1 is a 57-year-old facility that services a significant portion of the Agency's Earthquake Recovery Redevelopment Project Area. Based on a recent study of the seismic integrity of FS1, the facility needs to be replaced in order to comply with current ADA accessibility guidelines as well as seismic and building and safety standards, and to meet the current needs of the fire department. The replacement fire station will be approximately 25,000 square feet and will feature basic improvements such as apparatus bays, dormitories, a training room, locker room, kitchen and dining facilities, storage and mechanical areas, and parking. During the reporting year on May 24, 2011, as part of the Agency's updated available RDA funding and commitments, Council allocated \$3 million towards design work on this project, which is consistent with the disaster prevention and mitigation goals of the Earthquake Recovery Redevelopment Project Area.

FY 2011-2012: Request for Proposals for the design of Fire Station 1 is anticipated to be issued in early 2012.

D. Other Projects

The Redevelopment Agency is active well beyond the Civic Center and Downtown areas of Santa Monica. The projects in this section are occurring in other areas of the City, in neighborhoods and along commercial corridors that contribute to the vitality and livability of the City as a whole. Projects in this section fulfill Implementation Plan goals of disaster prevention and mitigation, commercial revitalization, and community revitalization.

- **Traffic Signal Master Plan.** *[Agency Funding Priority]*

FY 2010-2011: A multi-phased upgrade of the City's traffic signal technology will allow for centralized management of the City's 160 signals in real time to handle incidents, special events, and unique timing needs. Phase 1 and 2 were completed in previous years. Phase 3 construction began in the reporting year and will finish in the second quarter of fiscal year 2011-2012. Phases 4A and 4B design work were completed during the reporting year.

FY 2011-2012: On July 26, 2011 City Council approved the awards of contracts for the Phase 4A and 4B components of the Advanced Traffic Management System. Agency funding allocated in fiscal year 2009-2010 will be used to purchase additional traffic signal equipment including video detection systems and cameras to monitor intersection traffic conditions, construction of Phases 4A and 4B, and for various additional traffic signal upgrades within the City's Earthquake Redevelopment Project Area.

- **Palisades Bluff Stabilization.**

FY 2010-2011: After the January 17, 1994 Northridge earthquake, various sections of the Palisades Bluffs were impacted by landslides, flows of debris and mud, and fractures. The damage was exacerbated by sloughing from the disaster level storms of 1995 and 1998. In 1998, the Palisades Bluff Stabilization Project received federal funding to fund some of the required improvements necessary to prevent future damage to this area, funding for these improvements was also supplemented by Redevelopment funds. In April 2010, the City completed implementation of the Palisades Bluffs Improvement project as recommended in the Geotechnical Study of the Palisades Bluffs (written in October 2004). The improvements included the installation of 82 new horizontal drains, and a demonstration of slope stabilization and surface treatment measures to determine the aesthetic impacts prior to broader implementation and debris removal. This phase of the project is now complete. During the reporting year, environmental review began on a subsequent phase of this project, which involves the area of the Palisades Bluff adjacent to the California Incline.

FY 2011-2012: It is anticipated that the environmental review phase of this project will be completed in spring 2012. Final design is expected to begin in spring/summer 2012 after the environmental document is considered by City Council. The implementation of the soil nails is anticipated to begin in 2013 concurrently with the California Incline reconstruction project.

- **Memorial Park Master Plan and Expansion.** *[Agency Funding Priority]*

FY 2010-2011: In 2004, the City invested \$18.5 million to purchase the 2.9-acre Fisher Lumber site at 1601 14th Street. The site is adjacent to Memorial Park and was purchased to expand recreational opportunities, supporting community priorities related to youth, sustainability, infrastructure and recreation, and active living. Park expansion also supports the goals of the City's Open Space Element and Parks and Recreation Master Plan. Although in 2009, the Redevelopment Agency prioritized \$2.3 million in funding to supplement a budget

appropriation of \$1.9 million in FY08-09 to fund a full Memorial Park master plan. On May 24, 2011, the City and Agency deferred the availability of the funding allocation for this project until additional funds become available to the Agency. Work on this master plan has not begun because staff is working with the Expo Authority to evaluate impacts the Expo Line will have on the site. The site also has the potential to address water infrastructure needs. Consultants working for the Water Resources Division of Public Works completed initial environmental reports on a 1 million gallon water storage reservoir that may be located underneath the park.

FY 2011-2012: Staff will continue working with the Expo Authority to evaluate the impacts and opportunities associated with the Expo Line. The findings will inform and support the development of a master plan for Memorial Park in the future

- **Pico Branch Library.** *[Agency Immediate Funding Priority]*

FY 2010-2011: An 8,690 square foot neighborhood library will be built in the Pico neighborhood at Virginia Avenue Park, on the corner Cloverfield and Pico Boulevards. The library will enhance existing park amenities, including the weekly Farmers Market, Community Center, Teen Center, and Park Center Building. During the reporting year, on February 22, 2011, Council approved the concept design for the library. On May 24, 2011, as part of the Agency's updated available RDA funding and commitments, Council allocated \$10.4 million in immediate Agency funding to construct the Pico Library based on the most recent cost estimate which was updated to reflect the absence of subterranean parking. Council authorized staff to proceed with the schematic design for Pico Library on February 22, 2011, and schematic design was completed on June 27, 2011.

- FY 2011-2012: Council approved a Conditional Use Permit, a Development Review Permit, and a parking variance for the Pico Branch Library on October 11, 2011. On October 17, 2011, the Architectural Review Board approved the design/development plans. The construction documents and permitting is anticipated to be complete by May 2012. Construction is anticipated to take place in summer 2012 for a 2013 opening.

- **20th Street and Cloverfield Streetscape Improvement Project.**

FY 2010-2011: This project includes construction of various streetscape enhancements on 20th Street and Cloverfield Boulevard between the Santa Monica Freeway (I-10) and Pico Boulevard. During FY 2009-10, staff completed the transportation system and traffic impact analysis, an

independent urban design review, and a review of the selected tree species by the Urban Forest Task Force. Staff also broadened the scope of the project to incorporate new Land Use and Circulation Element (LUCE) principles relating to bicycle and pedestrian connectivity, open space and landscaping, sustainability, and the role of streets as places for social interaction and recreation. On April 27, 2010, the City Council approved refined streetscape concept designs for the project and authorized the City manager to negotiate and execute a modification to the contract with Ahbe Landscape Architects to include additional street light circuit upgrades and traffic signal modifications. This 1/2 mile long streetscape design includes new street trees, landscape medians, street lighting, bulb-outs, permeable paving and infiltration planters, decorative crosswalks, sharrows, and improved accessibility for the sidewalks with new hardscape and curb ramps. During the reporting year, the project design was near completion, pending the issuance of an encroachment permit from Caltrans by December 2011.

FY2011-2012: The project is scheduled to go out to bid for a construction contract in January 2012 and for construction to begin in February 2012. It will take approximately ten months to complete construction.

- **Pier Improvements** *Agency Immediate Funding Priority]*

FY2010-2011: A series of phased pier infrastructure improvement projects were identified in the Pier Infrastructure Assessment Study prepared by Moffatt and Nichol in November 2008. The study was adopted by the Santa Monica Pier Restoration Corporation on March 4, 2009 and presented to Council in May 2009, as an Information Item. On May 24, 2011, as part of the Agency's updated available RDA funding commitments, the Council authorized the allocation of \$5.63 million in RDA funds to fund pier improvements including Phase IV improvements, carousel floor and substructure repair, and Newcomb Deck infrastructure upgrades. The Phase IV Improvement project will replace wood pilings with concrete pilings in an area west of Pacific Park. This section of the pier currently has limited capacity to support the weight of emergency vehicles and the existing timber substructure has a limited life and higher maintenance costs than concrete piles. During the reporting year, the City contracted with URS to prepare design/build plans for this project. The \$700,000 of RDA funding for Phase IV design/build plans supplements other City funds that have been dedicated to this project.

FY2011-2012: On August 23, 2011, Council adopted a resolution approving the Mitigated Negative Declaration that covered the Phase IV structural upgrades, and authorized the

Director of Public Works to proceed with the development of bidding documents. To date, URS has completed schematic design. Construction on Phase IV is anticipated to begin in 2012.

EXHIBIT 1

Projects According to Implementation Plan Goals

A. Disaster Prevention and Mitigation

Downtown Parking Program *[Agency Funding Priority]*
Parking Structure 2
Parking Structure 6
Façade Improvements to Parking Structures
Land Acquisitions *[Agency Funding Priority]*
Palisades Bluff Stabilization
Fire Station 1 *[Agency Immediate Funding Priority]*
Pier Improvements *[Agency Immediate Funding Priority]*

B. Commercial Revitalization

Improvements to Parking Structures 7 & 8
Exposition Light Rail Enhancements *[Agency Immediate Funding Priority]*
Colorado Esplanade and Station Plaza *[Agency Immediate Funding Priority]*
Traffic Signal Master Plan *[Agency Funding Priority]*

C. Community Revitalization

Palisades Garden Walk *[Agency Immediate Funding Priority]*
Freeway Capping *[Agency Immediate Funding Priority]*
Civic Auditorium District Projects *[Agency Immediate Funding Priority]*
Civic Auditorium Renovation *[Agency Immediate Funding Priority]*
Shared Parking *[Agency Funding Priority]*
Memorial Park Master Plan and Expansion *[Agency Funding Priority]*
Pico Branch Library *[Agency Immediate Funding Priority]*
20th Street and Cloverfield Streetscape Improvement Project

D. Institutional Revitalization

Civic Center Joint Use Project (CCJUP) *[Agency Immediate Funding Priority]*

E. Affordable Housing *[Agency Immediate Funding Priority]*

New Construction and Rehabilitation of Affordable Units
Line of Credit – Leveraging Set-Aside Funds
Senior Homeless Prevention and Rental Assistance Programs
175 Ocean Park Boulevard